United Nations A/54/413

General Assembly

Distr.: General
29 September 1999

Original: English

Fifty-fourth session
Agenda items 118 and 127
Review of the efficiency of the administrative and financial functioning of the United Nations

Report of the Secretary-General on the activities of the Office of Internal Oversight Services

Investigation into allegations concerning an electronic commerce project at the United Nations Conference for Trade and Development

Note by the Secretary-General

1. Pursuant to General Assembly resolution 48/218 B of 29 July 1994, the Secretary-General has the honour to transmit, for the attention of the General Assembly, the attached report, conveyed to him by the Under-Secretary-General for Internal Oversight Services, on the investigation into allegations concerning an electronic commerce project at the United Nations Conference for Trade and Development.

2. The Secretary-General takes note of its findings and concurs with its recommendations. The Secretary-General also notes that measures are already beir. Initiated to correct the issues addressed in the review.

99-27974 (E) 201099

Summary

The Investigation Section of the Office of Internal Oversight Services (OIOS) received reports of illegal exportation and improper retention of intellectual property by a Melbourne-based project of the United Nations Conference for Trade and Development (UNCTAD) responsible for trade points and related electronic commerce initiatives, known as the United Nations Trade Point Development Centre (UNTPDC). In the course of the investigation that followed the receipt of those earlier reports, investigators uncovered serious problems with the project, including extensive and unauthorized solicitation of funds and resources; the entering into unauthorized commercial agreements with private sector interests; private sector interests engaged in unauthorized activities for the United Nations-sponsored project; a failure of supervision of the project; and the expansion of the project into commercial agreements and into electronic transactions via such agreements without notification of or authorization by UNCTAD senior management. As a result of those uncontrolled activities, the United Nations has been exposed to liability and is now facing claims from unauthorized private sector partners involved.

The trade point concept was developed in the technology explosion of the 1980s. As more and more of the developed countries expanded trade opportunities electronically in the early 1990s, UNCTAD came increasingly to the view that technology would either widen or close the gap between the developed and the developing countries and that it should be the mission of the United Nations to create the mechanisms by which that gap could be closed. The trade point project was created to provide the lead.

The growth of the trade point programme exceeded UNCTAD's expectations. However, field technical support for trade points operated with only the one staff member assigned to UNTPDC, first in Bangkok and later in Melbourne, Australia, at the Royal Melbourne Institute of Technology in Australia (RMIT). RMIT provided only office space, some staffing expertise and access to bandwidth. The limitations for development of the UNTPDC project were obvious. The programming alone required full-time staff as the developing countries who eagerly sought to establish trade points required such technical assistance. A funding source was created through the unauthorized establishment, in Australia and in the United States of America, of foundations known as the Global Infrastructure Facilitating Trade (GIFT).

GIFT was created in 1996 without seeking United Nations legal advice from UNCTAD or the Secretariat and without the knowledge or approval of UNCTAD senior management. In interviews, those in public and private sectors who had contributed to GIFT consistently advised OIOS that it had been their understanding that GIFT had been created as the conduit for private sector and government funding to UNTPDC because the United Nations could not solicit funds itself. When GIFT was established in Australia, it was operated by two non-United Nations persons who were soliciting funds for UNTPDC. Both persons were located in the UNTPDC project offices, but had no United Nations authorization. A separate American GIFT also was established by UNTPDC, by the GIFT Australia operators, in Silicon Valley, California, and it, too, solicited funds for UNTPDC. Like its Australian counterpart, GIFT USA was not officially authorized by the United Nations. Records are not adequate to confirm the full amount of funding and in-kind contributions so raised. However, in a two-year period, more than $700,000 was raised by the two foundations.

In late 1996, a new person who had worked in the technology industry as a salesman was approached to devise more sophisticated technical and operational fundraising for UNTPDC. Like his GIFT predecessors, the salesman was not a United Nations staff member, but he presented himself as operating on behalf of the United Nations. Thus, a new entity called the International Secure Electronic Transaction Organization (ISETO) replaced GIFT for the purpose of soliciting funds and obtaining donations of research resources and computer technology necessary to move the UNTPDC project — that is, the sharing of trading opportunities — to the next level: secure electronic commercial transactions.

It was apparent that for the project to achieve the goal of creating the environment as well as the technology for electronic transactions that UNTPDC could not do it alone. Thus, various firms, primarily in Australia but also in the United States, that had expressed serious interest in being connected with a United Nations trade project were approached to arrange for the infusion of millions of dollars in capital into a new project that would be operated under the auspices of ISETO. This led at least one firm to arrange for a financial commitment of some $18 million to pursue the new technology. As was done by GIFT, the private sector and government entities contacted were advised that as UNTPDC could not raise money directly, ISETO would be the link between them and the United Nations, with the primary focus on the businesses involved. Private sector technology firms, recognizing the potential for enormous profits from electronic transactions, signed on, undeterred by the costs, because, as every one of them told OIOS investigators, it was a United Nations-sponsored project and therefore fully reliable and trustworthy.

The investigation concluded that while the aim of involving the private sector in the UNTPDC project to assist in the development of secured electronic commercial transactions for developing countries was a sound concept, it had been sabotaged by the utilization of unauthorized foundations and the involvement in them of non-United Nations staff without authorization from UNCTAD senior management.

Additional details and specific recommendations for corrective action were provided to UNCTAD senior management in a separate document. Extensive consultations with and comments from UNCTAD senior management and the Office of Legal Affairs of the Secretariat have been considered in the preparation of the present report. In addition, OIOS has advised the Organization on issues, including those raised here, related to United Nations-private sector partnerships.

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I. Background

1. In the early 1990s, the United Nations Conference for Trade and Development (UNCTAD) was working on the development of a new trade point project to provide the technical base for developing countries to establish electronic trade opportunity links. With the explosion of the Internet, the demand and interest in the trade point project grew in developing countries. As of 1994, one UNCTAD staff member was assigned to work as a technical expert in Bangkok with representatives of civil society there on the establishment of a trade point for Thailand and to use that as a base for the development of the project globally. In 1995, that part of the trade point project, now known as the United Nations Trade Point Development Centre (UNTPDC), was transferred to Melbourne, Australia, and located in the Royal Melbourne Institute of Technology (RMIT). The Centre was given access to facilities, including bandwidth, staff and graduate students to assist in the project. The same single staff member was the only United Nations staff member involved. He received little or no direction on a regular basis, but was operating under the supervision of the Director of the Division for Services Infrastructure for Development and Trade Efficiency of UNCTAD, who visited the Centre in Melbourne on two occasions.

2. In 1997, the Investigations Section of OIOS received reports that a number of UNCTAD officers were possibly involved in exporting and cloning telecommunication technology prohibited by the United States, illegally dealing with proprietary economic and commercial information and diverting funds from donations that private sector interests, primarily technology companies, had contributed to the UNCTAD UNTPDC project. It was clear from one of the early reports that national law enforcement authorities had undertaken inquiries into the illegal technology transfer allegations and that those allegations appeared to concern persons who, although describing themselves as affiliated with the United Nations, were not United Nations staff. However, it was also clear from additional information available to the OIOS investigators that although approximately $2 million had been authorized for the trade point project from a government donation, little of that funding was being utilized to support UNTPDC, other than for the staff member's salary and benefits. In order to fund the Melbourne-based project, arrangements had been made to receive government and private sector funding to assist in the development of UNTPDC. This was accomplished via foundations established outside the United Nations system, without seeking the approval of UNCTAD senior management.

II. The investigative findings

A. United Nations Trade Point Development Centre: developing trade opportunities for developing countries

3. The concept of trade opportunities via the Internet was developed in the technology explosion of the 1980s. As more and more of the developed countries expanded trade opportunities electronically in the early 1990s, UNCTAD came increasingly to the view that technology would either widen or close the gap between the developed and the developing countries and that it would be the mission of the United Nations to create the mechanisms by which that gap could be closed. The trade point project was created to provide the lead.

4. The growth of the UNTPDC project exceeded UNCTAD's expectations. New trade points were established in developing countries in Africa, Asia, Latin America and the Middle East. However, with only one staff member assigned to the UNTPDC — although an allowance for occasional technical assistance was authorized by UNCTAD — the limitations for development were obvious. The programming alone required full-time staff as the developing countries that sought to establish trade points requested technical assistance. Thereafter, it was decided at UNTPDC that additional funds were required for staff, for equipment, for training, for travel and for office expenses. RMIT had repeatedly sought to be paid for the expenses of running the office (e.g. telecommunications), but not for the office or access to its equipment. Pressure on UNTPDC came from RMIT, to meet the Institute's costs of supporting the programme as agreed in the memorandum of understanding, and from UNCTAD, further to develop the electronic trade opportunities phase of the project. This led to the creation of an unauthorized funding source through the establishment in Melbourne of a foundation.

B. Global Infrastructure Facilitating Trade: creating funding sources in and with the private sector for the United Nations Trade Point Development Centre

5. The GIFT foundation was created as an Australian foundation to raise funds for UNTPDC. No United Nations legal advice from either UNCTAD or the Office of Legal Affairs of the Secretariat, or approval from UNCTAD senior management was sought. In interviews with those in the public and private sectors who had contributed funds, equipment or expertise to GIFT, OIOS learned that they had been advised that the foundation had been created because UNTPDC could not solicit funds directly and GIFT had been set up as the conduit for private and government funding to UNTPDC. Although the two non-United Nations staff involved in the foundation were selected by the staff member, were housed in the UNTPDC project offices at RMIT and shared staff and telephones, they had no United Nations authorization to solicit funds for UNTPDC. A separate American GIFT was established in Silicon Valley, California, without the knowledge or approval of UNCTAD senior management. It, too, solicited funds for UNTPDC. Also without legal advice or approval from UNCTAD senior management, those involved in GIFT from the United Nations and the private sector transferred all the intellectual property either produced or to be produced by UNCTAD via the UNTPDC project to the GIFT foundations by reserving domain names and Internet sites into corporations linked to GIFT.

6. The UNTPDC suite of offices at RMIT became home to GIFT and to another entity called the Advanced Laboratory for Trade Efficiency (ALTE), which was run by the same two non-United Nations staff from GIFT and the United Nations staff member and functioned as the administrative and executive arm of GIFT and UNTPDC.

7. In meetings with primarily private sector technology firms, GIFT solicited expertise, equipment and funding for UNTPDC. This resulted in a number of private sector firms and government entities entering into formal agreements with GIFT, operating as an underwriter of UNTPDC research. Records maintained and available especially for the Melbourne-based GIFT are inadequate to determine how much had been contributed or to account for the expenditures fully. However, in a two-year period, more than $700,000 in goods, services and funds were received.[1] The approach to the various private sector and government entities was made by the staff member, who contacted the firms for the purpose of engaging their interest and participation in either an advisory committee created by the staff member or as a resource for the growth of UNTPDC. Attending those meetings was a representative of GIFT, whose connection with the United Nations project was obvious to the other participants. Those meetings would produce one or more of the following: an outright contribution of money or equipment; an agreement that the firm would participate in the project with a view to expanding the firm's connection to the United Nations and the promise of new international trading opportunities for the firm; or a contract whereby the firm would contribute resources (money, personnel, expertise and so on) in exchange for the development via UNTPDC of a Web page that would be sent to hundreds of thousands, later millions, of potential customers. It was the ALTE component, operating in the UNTPDC offices at RMIT, that would provide that service and GIFT would receive the tax-exempt donation of goods and funds.

8. This arrangement worked for nearly two years, but with the demands on the GIFT funds under increasing dispute between the staff member and the GIFT principals, as well as an urgent need for substantial capital for project development, the need for a more sophisticated operation became evident to the UNTPDC staff member. During the UNTPDC conference in Melbourne in October 1997, an individual who identified himself as the "Prince of the Sultanate of Borneo" promised the responsible UNCTAD Director and the Melbourne-based staff member that he would contribute a billion dollars to UNTPDC to launch the scale of project needed to develop the global expansion of the embryonic secured electronic authenticated link (SEAL), which was the crucial building block for the transition from electronic trading opportunities to secure electronic transactions. The "Prince" did not prove to be authentic, but the lure of global electronic transactions had taken hold.

[1] Some 374,898 Australian dollars and 283,879 United States dollars (cash); US$ 51,127 (equipment); and $A 373,000 (expert services) was confirmed by OIOS investigators, based on available records in Australia and the United States. While a financial audit of the UNCTAD trade point project conducted by OIOS auditors in Geneva did not disclose any major problems with the Geneva-based trade point project, the efforts to secure additional funds and the use of those funds through the establishment of foundations known as GIFT was not included in the audit.

C. International Secure Electronic Transaction Organization: upgrading solicitations made to private sector interests for the United Nations Trade Point Development Centre

9. The two persons who had run GIFT were neither technology experts nor polished salesmen capable of engaging the millions of dollars needed to expand from publishing Web pages of trade opportunities to a secured system capable of handling billions of dollars in electronic trading transactions. At the end of 1997, they were banished from UNTPDC premises; if the UNTPDC staff member's involvement with ALTE and GIFT had not been clear before, as of the beginning of 1998, there could be no doubt that both entities only operated because of his approvals and the linkage to UNTPDC. Without UNTPDC sponsorship of their activities in ALTE and GIFT, the two found themselves without a functioning business and cut off from access to GIFT's funds and clients. After these individuals left the RMIT premises, a new person was approached to take their place: coming from the technology industry as a salesman, he quickly took over the administrative and marketing functions from within the UNTPDC offices. Presenting himself as operating on behalf of the United Nations, often in concert with the staff member, he phased out GIFT and began a new entity, the International Secure Electronic Transactions Organization (ISETO), for the purpose of soliciting funds, research resources and a range of computer technology (e.g. incubation systems, hardware and linking programmes) from large Australian and American technology firms, the public sector and other private sector business interests who were attracted to the possibility of "being bigger than Bill Gates", as one put it, by becoming part of the "chain of trust" necessary to move trade points — that is, the sharing of trading opportunities — to the next level: secure electronic transactions. However, proposals for the development of such a project were never finalized even after fund-raising began. While UNCTAD practices allow staff flexibility for pilot projects, the expansion of the scope of UNTPDC work without UNCTAD senior management approval led to further problems.

10. It was soon apparent that for the project to achieve the goal of creating the environment as well as the technology for secured electronic transactions that UNTPDC could not do it as staffed and funded. Thus, the staff member and the salesman approached the various firms, primarily in Australia, that had participated in the advisory committee and/or had expressed serious interest in being connected with a United Nations trade project. As had been done by GIFT, the private and public sector entities contacted by the United Nations staff member and the salesman were advised that UNTPDC could not raise money directly; thus, ISETO, which had given itself the role of international legal authority on secure electronic commerce and the link between the United Nations and the businesses involved, would raise funds, provide project guidelines and administer the project. The private sector technology firms, recognizing the potential for enormous profits from secure electronic transactions, signed on, undeterred by the costs because — as every one of them told OIOS — it was a United Nations-sponsored project and therefore fully reliable and trustworthy.

D. Using the United Nations name

11. What made the United Nations the critical factor for these firms can be explained as follows. The development of secure electronic transactional systems is under way. The pressure for a system that would permit secure business-to-business transactions has been building with the development of the new technology, since the explosion of the Internet. However enormous the profits that motivate that development, the absence of a viable control system to ensure that proprietary information is protected and that financial data — essential to electronic transactions — is secured has been a substantial impediment. Both the United Nations staff member and the salesman found that by connecting ISETO to the United Nations, they could establish a "chain of trust", which is the critical key to secure electronic transactions.

12. It is the unique place of the United Nations in the world that allows it to engender that "chain of trust" in free enterprise markets. Thus, because both the GIFT and ISETO operations in Australia and the United States appeared to offer private sector interests the opportunity to join with the United Nations in the development of secure electronic commerce transactional systems, both technology and funding sources became available to UNTPDC faster than the persons in Melbourne could properly assimilate them within the existing structure at RMIT. Although international interest was growing — through both the development of the highly successful Web sites and the two UNTPDC conferences (in Bangkok and in Melbourne) in 1997 — the lack of a sophisticated operation to pursue the opportunities was missing. The vision had grown from the moving of trade points into the developing world to the expectation of enormous sums to be made from rapid and secure electronic transactions.

13. Working within the ISETO framework created by the salesman, who emerged as the self-designated "Secretary-General" of ISETO — the link between the United Nations and the private sector — the staff member and the unauthorized advisory committee, headed by an international firm, began a long-range plan to create the United Nations-private sector structure that would attract funding and resources for the creation, within two years, of an actual secure electronic transactional system that they would run. On its own, in July 1998 the international firm had authorized further involvement in the project, with an initial commitment of $18 million.

14. Large technology and telecommunications conglomerates are seeking to secure as significant a stake in the future market as possible. The profit potential has been explained to the investigators in virtually the same way by both United Nations and private sector personnel: involvement "on the ground floor", operating under the ISETO umbrella, would mean that a company could not only establish the baseline for the hardware or software to be utilized but could also be either the manufacturer or distributor of the technology to all those who seek to become traders in the system. For those from the private sector who could secure an early partnership with the United Nations, not only would they serve as the primary "vetters" of potential traders seeking to register in the system, which is not currently done by UNCTAD, but they would also collect fees on every application, every registration, certification and every system hit.

III. Conclusions

15. In a detailed report to UNCTAD senior management, the evidence adduced by the investigation and specific findings and recommendations for corrective action, both as regards operations and staff involved, have been made. The general findings in the present report, however, demonstrate that the issues are not simply about what one or two people in UNCTAD did, or did not, do. Rather, it exemplifies the need to provide for the appropriately creative leadership role that United Nations expertise can supply to ensure that global interests are considered, that technical expertise is shared with developing countries and that the engagement by the United Nations of civil society, in particular the private sector, is done in a way that follows the goals of the Organization. It is not the intent of OIOS to warn against United Nations-private sector partnerships. On the contrary, OIOS is of the view that such partnerships can forge important and sustainable programmes and projects, but they need to be developed and operated under a coherent strategy set by the United Nations, not in ad hoc and unregulated projects. Indeed, the UNTPDC project and SEAL itself could have presented appropriate opportunities for United Nations-private sector partnerships if the UNTPDC had maintained the primary goal — access to the new trading technology by developing countries — rather than being utilized by private interests in developed countries.

16. The evidence in this case indicates the following:

(a) The direction of the UNTPDC project towards private sector agreements that have led to control of the United Nations-developed domain names, technology and forward planning for secured electronic transactions by the private sector without approval by UNCTAD senior management and the knowledge of the governing bodies cannot be permitted to continue;

UNCTAD senior management advises that the project has been moved to Geneva and is under careful review. Further, activities concerning secure electronic commerce have been terminated.

(b) Agreements and other partnership arrangements with the private sector interests were negotiated, purportedly on behalf of the interests of the United Nations, without authorization by UNCTAD senior management or without being reported to the competent organs, thus exposing the United Nations to liability;

The Office of Legal Affairs advises that the Secretary-General of ISETO, in a letter dated 18 September 1998 addressed to UNCTAD and copied to, inter alia, *the United Nations Legal Counsel, the Secretary-General of UNCTAD and OIOS, advised that the companies participating in ISETO would exercise their rights to recover the investments that they had been encouraged to make in the project. In addition, the attorney who incorporated the GIFT foundation in California filed a claim with the United Nations on 16 March 1999 for reimbursement of $75,000 for services provided to GIFT. Separate claims have been received from the Melbourne advisers. UNCTAD advises that there is no domain name of interest to UNCTAD that is under the control of private sector interests, the SEAL project having been cancelled. The same can be said of the software developed by UNTPDC. UNCTAD continues to operate the electronic trade opportunities system unhindered and no third party is challenging its intellectual property rights over the system. The absence of follow-up after one year to the letter of 18 September 1998 from the Secretary-General of ISETO implies that no further action is envisaged.*

Furthermore, the claim for reimbursement of $75,000 filed by the GIFT lawyer from California appears questionable.

(c) Private sector interests have exercised substantial influence over the operations of UNTPDC whereas the project articulates the premise of providing technical assistance to developing countries;

(d) The UNTPDC project was ill-conceived and poorly managed by one low-level staff member assigned to distant locations for years without adequate supervision or additional resources other than his UNCTAD salary and the limited RMIT support;

(e) Funds were raised and used in the name of the United Nations by entities not authorized by the United Nations to raise funds or to act on its behalf;

(f) Individuals, businesses and government entities provided equipment and financial and personal support to UNTPDC via GIFT and ISETO, unaware that neither GIFT nor ISETO were authorized to act on behalf of the United Nations;

(g) RMIT staff and students were brought into UNTPDC with little understanding of what they were to do or for whom they were working, often believing that they had "joined the United Nations";

(h) The distance, over a period of years, between the UNCTAD Director in Geneva and the one UNTPDC staff member in Melbourne created several problems, including a lack of supervision of the UNTPDC activities;

UNCTAD responds that with hindsight the UNTPDC manager should have been monitored more closely. The Division Director's wide-ranging responsibilities included the supervision of the largest technical cooperation programmes of UNCTAD with activities in some 70 countries and in that light he may have been overstretched.

(i) All documents that could have been used for a project document for SEAL or for expanding the original programme for UNTPDC remained in the draft stage, thereby avoiding accountability for the project operations, expenditures and changing objectives as well as the need for authorization for such changes for UNCTAD senior management or from those member States whose contributions had funded the UNTPDC;

(j) Technology and domain names developed under United Nations auspices are held by private interests, including GIFT.

The Office of Legal Affairs advises that this creates a risk to the interests of the United Nations in such technologies.

17. Partnerships between the United Nations and the private sector have been developed but without common guidelines; in the absence of their implementation and that part of the Secretary-General's programme for reform (see A/51/950) that provides for coordination of such partnerships, similar deviations from the stated objectives and interests of the United Nations may occur. The United Nations, not just UNCTAD, needs to decide how it will interact with the private sector, mindful of competing interests.

18. The Secretary-General's programme for reform calls for an enterprise liaison service to engage the private sector and plans for further United Nations-business community relationships are under way (action 17 (c)). Proposals have been or are being developed in the United Nations system (e.g. in the United Nations Development Programme, UNCTAD, the United Nations Children's Fund and the World Health Organization) to address United Nations relationships with the private sector. However, it is clear that while those proposals are being drafted and reviewed, agreements with the private sector are proceeding, not just in the present case. The absence of guidelines or a relevant United Nations structure has created a vacuum in engaging the private sector. Decisions need to be taken as an Organization or they will be undertaken project by project and programme by programme, an approach unlikely to advance accountability systematically in line with the United Nations main development goals or to channel foreign direct investment to areas of greatest need. A new strategy is being formulated and consideration of this issue undertaken by the Organization under the leadership of the Deputy Secretary-General.

The Secretary-General of UNCTAD responded that the investigation indicated that project planning, management and assessment required improvement. The investigation also indicated that not only for UNCTAD but also for the United Nations as a whole relations with business needed to be put on a sounder institutional footing and, in particular, that programme managers should be provided with practical guidelines to be used in such relations. UNCTAD has taken a number of initiatives over the past year to strengthen planning, management and assessment features and to enhance transparency and encourage the sharing of information. Together with the Deputy Secretary-General, UNCTAD intends to keep them under review. Two are particularly relevant to the case under review:

(a) UNCTAD has established a new Resources Management Service, which integrates financial and personnel management for both the regular budget and extrabudgetary sources. This will allow tighter financial and

administrative control of technical cooperation activities, including field ones;

(b) As mandated by the United Nations Conference on Trade and Development at its ninth session, UNCTAD has stepped up integration at the level of work programmes of analytical work and technical cooperation activities.

In that connection, as OIOS was aware, the use of an approach to planning and assessment of programmes based on the logical framework was being expanded to include technical cooperation projects. In addition, with the recent completion of the appointment process of the five Directors heading the substantive work of UNCTAD, a six-monthly review of programme planning and performance had been initiated, involving the Secretary-General of UNCTAD personally, the Deputy Secretary-General and each Director. As was being stressed in the UNCTAD intergovernmental bodies, assessment of impact of technical assistance was also being improved and reporting to the Working Party was increasingly taking that aspect into account.

IV. Recommendations

19. The following recommendations have been made to the senior management of UNCTAD and to the Senior Management Group of the United Nations:

Recommendation 1

UNCTAD management must evaluate the goals and status of UNTPDC and set forth clear goals and responsibilities. OIOS has briefed the Secretary-General of UNCTAD on the status and implications of the case under review as well as the concerns about the unregulated links established with the private sector. Moreover, the UNCTAD governing body, which has already determined that the SEAL project operating under UNTPDC should be closed, should be given the opportunity to consider whether it wishes to proceed in the current direction. Plans reported to OIOS by the UNCTAD Director involved in the project to raise it with a small committee in early 2000 are inadequate. If the purpose of the project is to engage developing countries in the technology revolution so that they may participate in global electronic trading opportunities, then a different approach for in-country capacity-building is needed rather than the direction the project has taken (IV97/052/01).

UNTPDC is a project that has now gone back to its original role in support of the trade point programme, which is currently under review by the UNCTAD governing body. The programme will be discussed in the Trade and Development Board's Working Party on the Medium-Term Plan and Programme Budget at its forthcoming session. The documents — specifically requested by the UNCTAD governing body — to be reviewed at the meeting include the outcome of the meeting of experts mandated by the governing body convened in May 1999 as a follow-up to the evaluation of the trade point programme, a strategy for trade points and a compendium of activities carried out since the inception of the programme in implementation of mandates. Member States will have a full opportunity to consider the related issues: it is they after all who set agendas and mandate documents and other information to be provided.

Recommendation 2

The United Nations needs to decide how it will interact with the private sector, mindful of competing interests. Action 17 (c) of the Secretary-General's programme for reform calls for an enterprise liaison service to engage the private sector and plans for further United Nations-business community relationships are under way. OIOS has recommended that the risks as well as the opportunities require close attention on a system-wide basis (IV97/052/02).

To this end, under the leadership of the Deputy Secretary-General, the United Nations has established a working group to address these common concerns.

(*Signed*) Karl Th. **Paschke**
Under-Secretary-General
for Internal Oversight Services